

Message Text

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FOR DATUS PROPER, ARA/PPC

E.O. 11652: N/A
TAGS: PFOR, XM
SUBJECT: TODMAN SPEECH EXCERPTS

1. TRANSMITTED ARE SELECTED EXCERPTS FROM AMBASSADOR
TODMAN'S SPEECHES DURING PAST EIGHTEEN MONTHS WHICH
MAY BE USEFUL IN BUREAU'S PREPARATION OF STATEMENT
HE WILL MAKE BEFORE FOREIGN RELATIONS COMMITTEE. UNLESS
INDICATED OTHERWISE, THE REMARKS WERE MADE IN COSTA
RICA.

2. HUMAN RIGHTS

PART OF THE DEBATE TODAY IS WHETHER WE CAN CONTINUE
AS WE HAVE IN THE PAST TO BASE OUR FOREIGN POLICY ON
MORALITY OR WHETHER WE HAVE TO BE PRAGMATIC. THE
TRUTH IS THAT WE MUST DO BOTH. WE MUST OF COURSE
ACT IN THE FRAMEWORK OF REALITY OF OUR TIMES, BUT
IN EVERY CASE THERE CAN AND MUST BE A MORAL BASIS
FOR OUR POLICY. UNLESS WE CONTINUE TO BE TRUE TO OUR
OWN BELIEFS WE WILL LOSE OUR BEARINGS IN THE WORLD,
AND THEN NO POLICY CAN BE SUCCESSFUL OR LONGLASTING.
AMERICAN POLICY WILL ALWAYS HAVE TO SERVE THE
PRINCIPLES OF FREEDOM, THE DIGNITY OF THE INDIVIDUAL,
EQUALITY OF OPPORTUNITY AND EQUALITY UNDER THE LAW.
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(SPEECH DELIVERED AT SPANISH LANGUAGE INSTITUTE,
FEBRUARY 11, 1976)

3. HUMAN RIGHTS AND AID DEVELOPMENT PROGRAMS

ONE OF OUR MAJOR CONCERNS TODAY REGARDING CENTRAL
AMERICA, ALONG WITH MANY OTHER PARTS OF THE WORLD,

IS IN THE FIELD OF HUMAN RIGHTS, AND VERY PROPERLY SO. FACED WITH THE PROBLEM OF DETERMINING WHAT OUR RELATIONSHIPS SHOULD BE TO COUNTRIES WHICH VIOLATE HUMAN RIGHTS WE HAVE SEVERAL ALTERNATIVES. WE CAN, OF COURSE, DECIDE TO DO NOTHING AND LET THE SITUATION CONTINUE OR WORSEN WHILE WE JUST DENOUNCE IT EVER MORE LOUDLY. OR, INSTEAD OF JUST "CURSING THE DARK" OF REPRESSION, WE CAN "LIGHT A CANDLE" FOR HUMAN DIGNITY AND TRY TO USE OUR BILATERAL ASSISTANCE TO DEVELOP OR SUPPORT PROGRAMS WHICH WOULD DEAL WITH THE CAUSE OF THE TROUBLE BY IMPROVING THE LOT OF THE UNDERPRIVILEGED OR BRINGING MORE POPULAR PARTICIPATION INTO THE DEVELOPMENTAL PROCESSES WITHIN THE COUNTRIES CONCERNED. IT IS TRUE THAT TROUBLE CAN BE BROUGHT INTO THE AREA FROM ILL-INTENTIONED OUTSIDE SOURCES. BUT THE CHANCES OF THIS SUCCEEDING WILL BE LESS IF PEOPLE CAN HAVE SOME REASON TO HOPE THAT THEIR LEGITIMATE ASPIRATIONS CAN BE FULFILLED WITHIN THE SYSTEM IN WHICH THEY LIVE. THE UNITED STATES, THROUGH ITS AID PROGRAM, CAN HELP THE GOVERNMENTS TO ACCOMPLISH THIS.

(WELCOMING REMARKS - FOURTEENTH MEETING OF THE CENTRAL AMERICAN MISSION DIRECTORS COORDINATING COUNCIL - OCTOBER 13, 1976)

4. LATIN AMERICAN - U.S. RELATIONS - GENERAL

A. WE RECOGNIZE THAT THE COUNTRIES IN LATIN AMERICA, LIKE UNCLASSIFIED

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ALL OTHER COUNTRIES, ARE ACTORS ON THE WORLD SCENE. THEY, THEREFORE, HAVE NOT ONLY THEIR RELATIONSHIP TO THE UNITED STATES, BUT THEIR RELATIONS WITH OTHER COUNTRIES OF THE WORLD TO CONSIDER. THEY ALSO MUST REACT TO THE FUNDAMENTAL CHALLENGE OF INTER-DEPENDENCE. MANY OF THEM ARE INCLINED TO ASSOCIATE WITH THE GROUPINGS OF THIRD-WORLD COUNTRIES AND TO SEEK POPULARITY THROUGH OFTEN UNWARRANTED ATTACKS ON THE UNITED STATES. YET WE HOPE THAT IN VIEW OF THE HISTORY OF OUR CLOSE ASSOCIATION WE WILL BE ABLE TO SET AN EXAMPLE FOR THE WORLD OF NEGOTIATION AND COOPERATION RATHER THAN CONFRONTATION. LATIN AMERICA AS THE ONLY AREA THAT IS IN BOTH THE WESTERN HEMISPHERE AND THE DEVELOPING WORLD CAN BE A BRIDGE BETWEEN BOTH PARTS. COSTA RICA HAS BEEN MAKING A PARTICULARLY CONSTRUCTIVE CONTRIBUTION IN THIS REGARD. WE HOPE THAT OTHERS WILL DO LIKEWISE FOR IF WE CANNOT SUCCEED HERE, THEN THE CHANCES FOR SUCCESS ELSEWHERE ARE SLIM INDEED. THIS SPIRIT OF COOPERATION GUIDES US AS WE SEEK TO

SETTLE THE MAJOR PROBLEMS WHICH CONFRONT US TRPY #
IN OUR DEALINGS WITH LATIN AMERICA. THEY INCLUDE,
AMONG OTHERS, THE STATUS OF THE PANAMA CANAL, THE
PLACE OF CUBA IN THE HEMISPHERE, AND ECONOMIC
RELATIONS BETWEEN THE UNITED STATES AND LATIN AMERICA.
WE HAVE RECOGNIZED AND ACCEPTED FOR SOME TIME
NOW THAT THE BASIC PANAMA CANAL TREATY SIGNED IN 1903
NO LONGER RESPONDS TO LONG-TERM UNITED STATES NATIONAL
INTEREST NOR TO THE CHANGING INTERNATIONAL ENVIRONMENT.
WE SEEK ONLY TO ASSURE THAT THE CANAL REMAINS OPERATIONAL,
SECURE, EFFICIENT, AND OPEN TO WORLD SHIPPING ON A
NON-DISCRIMINATORY BASIS. OUR DESIRE IS TO HAVE A
NEW TREATY RECOGNIZING PANAMA'S SOVEREIGNTY OVER THE
CANAL ZONE AND PROVIDING FOR PARTNERSHIP IN THE
OPERATION AND DEFENSE OF THE CANAL. WE HAVE MADE
SUBSTANTIAL PROGRESS IN RESOLVING MOST OF THE ISSUES
AND NEGOTIATIONS CONTINUE FAVORABLY ON SETTLING
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REMAINING DIFFERENCES.
WITH REGARD TO CUBA, LAST JULY, RIGHT HERE IN SAN JOSE,
THE ORGANIZATION OF AMERICAN STATES DECIDED TO LEAVE
EACH COUNTRY FREE TO ESTABLISH WHATEVER TIES IT WISHED
WITH THAT COUNTRY. EVEN BEFORE THEN, THE UNITED STATES
GOVERNMENT HAD SAID THAT WE SAW NO VIRTUE IN PERPETUAL

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ANTAGONISM BETWEEN THE UNITED STATES AND CUBA AND WOULD

CONSIDER CHANGES IN OUR BILATERAL RELATIONS WITH CUBA
DEPENDING ON ITS EXTERNAL POLICIES. SINCE THAT TIME,
HOWEVER, WE HAVE SEEN CUBAN MEDDLING IN THE INTERNAL
AFFAIRS OF PUERTO RICO, FOLLOWED BY THE MASSIVE
CUBAN INTERVENTION IN ANGOLA TOGETHER WITH, AND AT THE
BEHEST OF THE SOVIET UNION. THIS HAS RAISED SERIOUS
QUESTIONS FOR THE HEMISPHERE. FOR EXAMPLE, COSTA RICAN
EDITORIALISTS HAVE RECENTLY ASKED, "IF
THE CUBANS CAN TRANSPORT TROOPS THOUSANDS OF MILES AWAY
TO AFRICA, WHAT ABOUT CLOSER TO HOME?" UNTIL SOME SOUND
ANSWERS ARE FORTHCOMING ON QUESTIONS LIKE THIS, IT IS
MOST DIFFICULT TO MOVE FORWARD ON AN EASING OF RESTRIC-
TIONS AND THE NORMALIZATION OF RELATIONS.
ON THE ECONOMIC SIDE, THE UNITED STATES HAS RECENTLY
MADE MAJOR, COMPREHENSIVE AND SPECIFIC PROPOSALS TO DEAL
ON A GLOBAL BASIS WITH THE ISSUES OF TRADE, FOOD, IN-
VESTMENT CAPITAL AND ECONOMIC DEVELOPMENT IN GENERAL.
MOST OF THESE PROPOSALS WERE DESIGNED TO BE OF SPECIAL
BENEFIT TO LESSER-DEVELOPED COUNTRIES ESPECIALLY INCLUDING
THOSE IN LATIN AMERICA.
MUCH OF THE TRANSFER OF CAPITAL AND TECHNOLOGY ESSENTIAL
TO DEVELOPMENT HAS COME FROM TRANSNATIONAL CORPORATIONS,
MANY OF WHICH HAVE BEEN WORKING OVERSEAS HONORABLY FOR
LONG YEARS. UNFORTUNATELY, THE ISOLATED, RECENT EVI-
DENCES OF ABUSES AND WRONGDOING BY SOME OF THESE MULTI-
NATIONAL CORPORATIONS IN THE RECENTLY- PUBLICIZED
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BRIBERY CASES, HAVE TENDED TO GIVE THEM ALL A BAD NAME.
THERE ARE JUSTIFIABLE FEARS AND OCCASIONAL PROBLEMS
IN DEALING WITH SOME CORPORATIONS, BUT THERE HAS
ALSO BEEN A TREMENDOUS AMOUNT OF GOOD DONE AND MANY
IMPORTANT CONTRIBUTIONS MADE BY THE HUNDREDS OF
OTHER CORPORATIONS THAT HAVE WORKED SUCCESSFULLY IN
MANY NATIONS FOR SO LONG. THE UNITED STATES GOVERNMENT
WILL NOT CONDONE ABUSES; AT THE SAME TIME WE HOPE
THAT AGREEMENT CAN BE REACHED ON CODES OF CONDUCT
TO GOVERN THE BEHAVIOR OF ALL CORPORATIONS AND THEREBY
ELIMINATE MUCH OF THE PROBLEM.
(SPEECH DELIVERED AT THE PEST CONTROL CONVENTION
ASSOCIATED PEST CONTROL SERVICES, INC. - FEBRUARY 22,
1976)

B. THE LATIN AMERICAN RECOGNIZE THE NEED FOR EXTERNAL
CAPITAL INVESTMENT TO PROMOTE THEIR
DEVELOPMENT. AT THE SAME TIME, MOST OF THEM INSIST ON
HAVING THE DETERMINANT VOICE IN HOW THE CAPITAL IS USED
AND IN MAINTAINING FULL CONTROL OVER THEIR RESOURCES.
THIS POSES MAJOR QUESTIONS CONCERNING THE
CONDITIONS AND LAWS NECESSARY TO ATTRACT THEIR NEEDED

CAPITAL AND INVESTMENT. THERE ARE ALSO QUESTIONS CONCERNING MULTINATIONAL CORPORATIONS OPERATING IN LATIN AMERICAN COUNTRIES WHICH ARE CONCERNED WITH THE ABILITY OF THEIR GOVERNMENTS TO EXERCISE EFFECTIVE LEGAL AUTHORITY OVER THOSE COMPANIES AND THE POLITICAL ACTIVITIES OF FOREIGN SUBSIDIARIES IN THEIR COUNTRIES.

IN ORDER TO PROVIDE FOR MORE EQUITABLE DISTRIBUTION OF INCOME, THERE IS OFTEN A TENDENCY TOWARDS STATE INTERVENTION IN THE ECONOMY. THIS, OF COURSE, PRESENTS A CONFLICT WITH PRIVATE ENTERPRISE AND THE FREE MARKET CONCEPT. THERE IS A NEED TO FIND A ROUTE TO SOCIAL JUSTICE AND EQUALITY THAT STILL ALLOW FOR INDIVIDUAL INCENTIVES AND INITIATIVES.

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FINALLY, SOME LATIN AMERICAN GOVERNMENTS IN THEIR SEARCH FOR ORDER, GROWTH AND STABILITY BELIEVE IT NECESSARY TO CURB INDIVIDUAL FREEDOM AND TAKE OTHER ACTIONS THAT WE AND OTHERS CONSIDER A VIOLATION OF HUMAN RIGHTS. IN KEEPING WITH OUR OWN IDEALS AND FUNDAMENTAL BELIEFS, WE, OF COURSE, CANNOT DO ANYTHING THAT WOULD STRENGTHEN A GOVERNMENT'S ABILITY TO CONTINUE SUCH VIOLATIONS. AT THE SAME TIME WE MUST FACE AND RESOLVE THE ISSUE OF WHETHER WE CAN HAVE A GREATER IMPACT IN BRINGING ABOUT CHANGE BY ENDING ALL COOPERATION WITH COUNTRIES WHERE THERE ARE SUCH VIOLATIONS, OR WHETHER THERE ARE WAYS IN WHICH OUR PROGRAMS CAN BE USED TO HELP THE LESS PRIVILEGED OF THOSE COUNTRIES UNDER CONDITIONS WHICH WOULD LEAD TO A REDUCTION OF THE VIOLATIONS.

LATIN AMERICANS ARE PARTICULARLY SENSITIVE TO ANYTHING IN OUR POLICY WHICH SUGGESTS THE CONTINUATION OF A COLONIAL MENTALITY OR PUNITIVE ACTIONS FOR THEIR EFFORTS TO GAIN ECONOMIC INDEPENDENCE. THIS ACCOUNTS FOR THEIR EFFORTS TO GAIN ECONOMIC INDEPENDENCE. THIS ACCOUNTS IN LARGE MEASURE FOR THE SOLIDITY FOUND AGAINST THE CONTINUATION OF THE 1903 PANAMA CANAL TREATY AND AGAINST THE EXCLUSION OF ECUADOR AND VENEZUELA FROM THE BENEFITS OF THE TRADE ACT OF 1974 BECAUSE OF THEIR MEMBERSHIP IN OPEC.

WHILE THE LATIN AMERICAN COUNTRIES AGREE ON MANY ISSUES AND OFTEN FORM SOLID BLOCKS AMONG THEMSELVES AGAINST US, IMPORTANT DIFFERENCES EXIST BETWEEN THEM. THERE ARE DIFFERENCES IN THEIR LEVELS OF DEVELOPMENT AND APPROACHES WITH EACH ONE SEEKING DEVELOPMENT ALONG LINES CONSONANT WITH ITS OWN INTEREST, RESOURCES AND OUTLOOK. THIS MEANS THAT IN DEALING WITH THEM, WE MUST MAKE POLICIES APPROPRIATE TO THEIR DIFFERENCES AND RESPECT THE SOVEREIGNTY AND INDEPENDENCE OF EACH NATION. SOMETIMES THE FOCUS HAS TO BE ON BILATERAL RELATIONS WHICH MAY INCLUDE

RECOGNIZING THAT THERE IS STILL A ROLE FOR DEVELOPMENTAL
AID OR A NEED TO RESPOND SYMPATHETICALLY TO THOSE WHO
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STILL WISH TO HAVE A SPECIAL RELATIONSHIP WITH US.
OUR RESPONSES TO LATIN AMERICAN CONCERNS ARE, OF
COURSE, INFLUENCED BY FACTORS THAT WEIGH ON OUR OWN
POLICY. THE UNITED STATES IS DEEPLY INVOLVED IN MATTERS
OF WORLD PEACE AND THE MAINTENANCE OF WORLD ORDER. OUR
RELATIONS LIKE THOSE OF LATIN AMERICA COVER THE ENTIRE
GLOBE. FURTHERMORE, ECONOMIC ISSUES WHICH ARE OF MAIN
CONCERN TO LATIN AMERICA ARE DEEPLY INVOLVED IN

DOMESTIC POLITICS. ONE WOULD DOUBT THAT OUR INTEREST
IN LATIN AMERICA'S PROBLEMS ARE STRONG ENOUGH TO BE
DECISIVE WHEN MEASURED AGAINST DOMESTIC
CONSIDERATIONS OR GLOBAL ECONOMIC POLICIES.
THE RELATIONSHIP IS COMPLICATED ALSO BY THE MIXED
REACTION OF THE LATIN AMERICANS TO OUR ACTIONS. WE ARE
CONTINUALLY FACED WITH THE QUESTION OF WHETHER TO DEAL
WITH THEM BILATERALLY ON CERTAIN MATTERS AND RISK BEING
ACCUSED OF DIVIDED AND CONQUER OR DEAL WITH THEM ON
A MULTILATERAL BASIS AND RISK GETTING LOST IN ABSTRACT
PRINCIPLES OR BEING ACCUSED OF NOT PAYING ATTENTION
TO THEIR PARTICULAR NEEDS AND RESPECTING THEIR OWN
INDIVIDUALITY. IT IS WITHIN THESE CONSTRAINTS AND THESE
COMPLICATIONS THAT WE ARE FORCED TO DEAL WITH THE
PROBLEMS FROM WHICH WE CANNOT ESCAPE.

(DALLAS, TEXAS - NOVEMBER 3, 1976)

5. LATIN AMERICAN - U.S. RELATIONS; ECONOMIC COOPERATION
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A. U.S. RELATIONSHIPS WITH LATIN AMERICA ARE SQUARELY IN THE CENTER OF THE GLOBAL DIALOGUE BETWEEN THE DEVELOPED AND UNDER-DEVELOPED NATIONS, BETWEEN THE NORTH AND THE SOUTH. AS SECRETARY KISSINGER SAID THREE MONTHS AGO, "THE GLOBAL DIALOGUE BETWEEN THE DEVELOPED AND LESS-DEVELOPED NATIONS REQUIRES ANSWERS THAT WOULD BE DIFFICULT

TO FIND ANYWHERE IF WE DO NOT FIND THEM IN THE WESTERN HEMISPHERE."

LATIN AMERICAN POLITICAL, EDUCATIONAL, SCIENTIFIC, AND TECHNOLOGICAL INSTITUTIONS ARE IN A PERIOD OF RAPID MODERNIZATION. LATIN AMERICA OBVIOUSLY HAS THE WILL, TALENT, AND RESOURCES TO DETERMINE ITS OWN FUTURE. BUT LATIN AMERICA BELIEVES THAT THE U.S. STILL HAS A ROLE TO PLAY. THE UNITED STATES IS FULLY PREPARED TO COOPERATE WITH LATIN AMERICA TO HELP RESOLVE OUTSTANDING ISSUES OF MUTUAL INTEREST. WE ARE ENCOURAGED BY THE HOPE AND THE BELIEF THAT THE LATIN AMERICANS ARE ALSO READY TO MAKE ADJUSTMENT SO THAT THIS COOPERATION CAN BECOME A REALITY.

THE SAME ECONOMIC ISSUES THAT NOW AGITATE RELATIONS BETWEEN THE DEVELOPING WORLD AND THE INDUSTRIALIZED COUNTRIES--THE ISSUES OF TRADE, COMMODITY PRICES, TECHNOLOGY, AND THE ROLE OF THE MULTI-NATIONAL CORPORATIONS--ARE PRECISELY THE ISSUES THAT DOMINATE THE DISCUSSIONS OF POLICY MAKERS IN WASHINGTON IN THEIR DIALOGUES WITH THE LEADERS OF THE LATIN AMERICAN STATES. NATURALLY THESE ISSUES ARE NOT NEW THEMES FOR NORTH AMERICAN AND LATIN AMERICAN STATESMEN. WHAT IS NEW IS THAT NOW THESE ARE THE PRIMARY ISSUES. THESE ARE THE ISSUES THAT PRESIDENTS AND MINISTERS OF FOREIGN AFFAIRS DISCUSS FIRST WHEN THEY SIT DOWN TO DISCUSS AFFAIRS OF STATE. IMPROVED ACCESS TO ADVANCED TECHNOLOGY NEEDED FOR INDUSTRIAL DEVELOPMENT IS A PRIORITY AIM OF MOST LATIN AMERICAN GOVERNMENTS. PARADOXICALLY, SOME

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LATIN AMERICAN GOVERNMENTS APPEAR TO BE IN THE PROCESS OF WEAKENING OR SEVERING THEIR RELATIONSHIPS WITH THE INSTITUTIONS THAT HAVE BEEN AND WILL CONTINUE TO BE

THE PRIMARY SOURCE OF ADVANCED TECHNOLOGY--LARGE INDUSTRIAL CORPORATIONS HEADQUARTERED IN THE U.S. OR OTHER DEVELOPED COUNTRIES. THESE CORPORATIONS DEVELOPED MOST OF THE TECHNOLOGY OF INTEREST TO DEVELOPING COUNTRIES. HISTORICALLY, THEIR SUBSIDIARIES AND AFFILIATES IN DEVELOPING COUNTRIES HAVE BEEN MAJOR INSTRUMENTS FOR TRANSFER OF TECHNOLOGY AND FOR MODERNIZATION OF THE SOCIETIES OF LESS DEVELOPED NATIONS. THE RELATIONSHIP HAS BEEN MUTUALLY BENEFICIAL. DEVELOPING NATIONS, IN ADDITION TO GATHERING BENEFITS FROM MULTINATIONAL CORPORATIONS, HAVE ALSO EXPERIENCED SOME PROBLEMS RELATED TO OCCASIONAL QUESTIONABLE ACTIVITIES OF A FEW MULTINATIONAL CORPORATIONS. IN MOST CASES, A DEVELOPING COUNTRY CAN AVOID MANY OF THOSE PROBLEMS BY HAVING AND APPLYING EQUALLY TO ALL FOREIGN COMPANIES A FAIR SYSTEM OF LAW AND REGULATION THAT STATES CLEARLY WHAT ACTS ARE PERMITTED IN THE DEVELOPING COUNTRY THAT SERVES AS ITS HOST. THE UNITED STATES GOVERNMENT, FOR ITS PART

WILL NOT COUNTENANCE ILLEGAL ACTIVITIES BY U.S. ENTERPRISES ABROAD. AT THE SAME TIME, IT MUST BE RECOGNIZED THAT A MULTINATIONAL FIRM CANNOT BE MANAGED TO BENEFIT EXCLUSIVELY ANY ONE NATIONA BUT MUST PROVIDE BENEFITS TO ALL NATIONS IN WHICH IT OPERATES. MANY DIVERGENT ATTITUDES TOWARD MULTINATIONAL CORPORATIONS ARE NOW EVIDENT IN LATIN AMERICA. I EXPECT THAT TEN YEARS FROM NOW, WHEN WE LOOD BACK TO SEE THE EFFECTS OF THOSE ATTITUDES ON THE PROGRESS OF LATCM AMERICAN NATIONS, WE WILL FIND THAT THE GREATEST ADVANCE WILL HAVE BEEN MADE BY THOSE NATIONS WHICH HAD FOUND SENSIBLE WAYS TO RECONCILE THEIR LEGITIMATE NATIONAL ASPIRATIONS WITH THE INFLOW OF FOREIGN CAPITAL AND TECHNOLOGY FROM MULTINATIONAL CORPORATIONS WHICH CAN

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CONTRIBUTE SO MUCH TO ECONOMIC GROWTH. RELATIVELY LES ADVANCE WILL HAVE BEEN MADE BY THOSE NATIONS THAT,

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THROUGH EXCESSES OF MISDIRECTED NATIONALISM, HAD
CREATED INSUPERABLE BARRIERS TO THE INFLOW OF
INVESTMENT CAPITAL AND TECHNOLOGY NECESSARY FOR
THEIR DEVELOPMENT. BASED ON THEIR CHOICES, I FULLY
EXPECT THAT MANY LATIN AMERICAN NATIONS WILL LEAD THE
MARCH TOWARD PROGRESS DURING THE NEXT DECADE.
WITH THE EMERGING RECOGNITION OF THE CONTRIBUTION THAT
TRANSNATIONAL COMPANIES CAN MAKE TO DEVELOPMENT, THERE
REMAIN UNDERSTANDABLE CONCERNS ABOUT EXERCISING EFFECTIVE
LEGAL AUTHORITY OVER THEM IN EACH CGNTRY. WE BELIEVE
THAT THE U.S. AND LATIN AMERICAN NATIONS MUST CONTINUE
TO SEEK AGREEMENT ON PRINCIPLES OF CONDUCT FOR CORPORA-
TIONS ANETCN THE RESPONSIBILITIES OF HOST COUNTRIES TO
FOREIGN INVESTORS.
THE ISSUES I HAVE MENTIONED--TRADE, COMMODITIES,
TECHNOLOGY, AND INVESTMENT--HAVE BECOME CENTRAL CONCERNS
OF UNITED STATES FOREIGN POLICY, AND NOW EVEN
MORE SO
THAN IN LATIN AMERICA. IF IT IS CORRECT THAT ECONOMIC
ISSUES ARE BECOMING THE CENTRAL POLITICAL ISSUES OF TODAY
AND THE FUTURE, THEN UNITED STATES CORPORATE ACTIVITY IS
AT THE CENTER OF U.S.-LATIN AMERICAN RELATIONS AND
CORPORATE LEADERS AS WELL AS LATIN AMERICAN AND U.S.
STATESMEN WILL HAVE TO WORK HARD TO CREATE
VIABLE AND MUTUALLY BENEFICIAL NEW RELATIONSHIPS.
I AM CONVINCED THAT WITHIN THE CONTEXT OF THE WESTERN
HEMISPHERE CAN BE DEVELOPED MANY OF THE MODELS
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FOR THE WORLD'S SOLUTIONS TO ITS MANY PRESSING PROBLEMS.
THE INTERESTS OF THE U.S. AND LATIN AMERICAN COUNTRIES
COINCIDE IN MANY WAYS. THE UNITED STATES WILL MAKE
A MAJOR EFFORT TO GIVE NEW VITALITY TO ITS WESTERN
HEMISPHERE RELATIONSHIPS BUT THIS CAN ONLY SUCCEED AS
A COOPERATIVE ENTERPRISE. WE ARE CONFIDENT THAT THE
NECESSARY COOPERATION WILL BE FORTHDOMING AND WE ARE
THEREFORE SANGUINE THAT THE FUTURE FOR U.S.-LATIN
AMERICAN RELATIONS IS VERY BRIGHT.
(SPEECH PRESENTED TO THE AMERICAN CHAMBER OF COMMERCE
LUNCHEON - JUNE 18, 1975)

B. OUR RELATIONS WITH LATIN AMERICA WHICH WERE FOR SO LONG A RELATION OF 1 - AND - 20, WITH THE 1 (THAT IS THE UNITED STATES) USUALLY HAVING ITS WAY, IS GRADUALLY CHANGING TO A 1 - 4 - 16 ARRANGEMENT AS THE LARGER AND RICHER SOUTH AMERICAN NATIONS INSIST ON MAKING THEIR VIEWS COUNT. THIS DEVELOPMENT IS CERTAIN TO PROGRESS AS MANY OF THE SMALLER COUNTRIES, INDIVIDUALLY AND COLLECTIVELY, PRESS FOR THEIR OWN PLACE IN THE SUN. THE BIGGEST CHALLENGES AND OPPORTUNITIES OF ALL ARE COMING FROM THE LESSER DEVELOPED COUNTRIES, MANY OF WHICH ARE IN AFRICA, LATIN AMERICA AND ASIA, AND WHICH ARE INTENT ON HAVING A MORE SIGNIFICANT VOICE IN DETERMINING THEIR OWN FATE. THEY CONSIDER THAT THE OLD ECONOMIC SYSTEM UPON WHICH THE GROWTH OF INDUSTRIAL COUNTRIES HAS BEEN BASED, HAS DEALT WITH THEM UNFAIRLY AND HAS FAILED TO MEET THEIR LEGITIMATE ASPIRATIONS FOR PROGRESS. THEY OBJECT THAT THE INDUSTRIALIZED COUNTRIES SHOULD ALMOST UNILATERALLY SET THE PRICES FOR RAW MATERIALS AND THEN TURN AROUND AND SET THE PRICES FOR MANUFACTURED GOODS. THEY FIND NO SATISFACTION THAT PART OF WHAT SHOULD HAVE BEEN THEIR PROPER EARNINGS FOR THEIR RAW MATERIALS COMES BACK TO THEM AS LOANS WHICH MAKE THEM INDEBTED IN MORE WAYS THAN ONE. THEY FIND THEMSELVES UNCLASSIFIED

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IMPORTING FOOD ON CREDIT FROM INDUSTRIALIZED COUNTRIES WHILE KNOWING THAT THEIR OWN GROWING CONDITIONS WOULD PERMIT THEM TO PRODUCE FOOD FOR EXPORT IF THEY WERE GIVEN PROPER TECHNICAL AND FINANCIAL ASSISTANCE. THEY QUESTION OUR MOTIVES WHEN WE PROVIDE FOOD, RATHER THAN TRAINING, BECAUSE THEY BELIEVE WE KNOW THAT IF YOU "GIVE A MAN A FISH, YOU FEED HIM FOR A DAY; TEACH HIM HOW TO FISH AND HE CAN FEED HIMSELF FOR LIFE." THEY ARE NOW LESS CONCERNED WITH OUR WORDS THAN WITH OUR SO OFTEN CONTRADICTORY ACTIONS. THEY NO DOUBT SEE THE WORLD AS DID THE NINETEENTH CENTURY POET BROMFIELD, WHO WROTE; "'TIS A VERY GOOD WORLD WE LIVE IN; TO SPEND AND TO LEND AND TO GIVE IN; BUT TO BEG OR TO BORROW OR ASK FOR YOUR OWN, 'TIS THE VERY WORST WORLD THAT EVER WAS KNOWN." THE POOR COUNTRIES WANT TO LIVE A LITTLE IN THAT VERY GOOD WORLD. THEY INSIST NOW THAT THEY MUST BE PAID A FAIR PRICE FOR THEIR RAW MATERIALS WHICH WILL PROVIDE FUNDS FOR THEM TO PAY FOR THE MANUFACTURED GOODS WHICH THEY MUST IMPORT. THEY BELIEVE THAT THEIR NUMBERS AND THEIR CONTROL OVER SIGNIFICANT AMOUNTS OF

RAW MATERIALS GIVE THEM POWER LEVERAGES WHICH THEY SHOULD
NOW EXERCISE
IN THEIR INTERESTS. MISTAKENLY ENCOURAGED
BY THE PRICES OF THE OIL CARTEL, THEY HAVE BEEN FORMING
PRODUCER ORGANIZATIONS.
THEY LACK MANY OF THE ELEMENTS NEEDED TO ENSURE
SUCCESS OF ANY UNILATERAL ACTION TO SECURE HIGHER
PRICES FOR THEIR RAW MATERIALS AND IN MANY CASES THEY
WOULD BE HURT VERY BADLY BY CONFRONTATION OR DENIAL
TACTICS; BUT, SOME LEADERS HAVE SAID THAT THEY WOULD
LET THE RAW MATERIALS REMAIN THE GROUND EVEN IF THAT
MEANT RETURN TO SUBSISTENCE LIVING, RATHER THAN CONTINUE
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TO SELL THEM FOR UNREASONABLY LOW PRICES WHICH HELP
ENRICHHPHE INDUSTRIALIZED COUNTRIES WHILE LEAVING THE
PRODUCERS REALTIVELY POOR. DESPITE THEIR OFTEN
DIVERGENT ECONOMIC INTERESTS AND THE ECONOMIC HARDSHIPS
THEY FACE, THE LESSER DEVELOPED COUNTRIES ARE WORKING
TOGETHER, UNITED BY RESENTMENT AGAINST THE DEVELOPED
COUNTRIES FOR THE INJUSTICES WHICH THEY BELIEVE THEY
HAVE SUFFERED.
FACED WITH THESE NEW REALITIES, SOME AMERICAN SUGGEST
WE SHOULD JUST TAKE CARE OF OURSELVES AND LET THE REST

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OF THE WORLD WORRY ABOUT THOSE PROBLEMS OR OTHERWISE JUST
IMPOSE SOLUTIONS. THEY ARGUE THAT THE UNITED STATES IS STILL
THE GREATEST SINGLE CONCENTRATION OF ECONOMIC WEALTH AND POWER
IN THE WORLD. THEY CLAIM THAT WE HAVE OR CAN DEVELOP ENOUGH I

THIS COUNTRY, OR WITH A FEW FRIENDS, TO GET ALONG ON OUR OWN AND THAT WE AND OUR CLOSE FRIENDS ARE STRONG ENOUGH TO MAKE THINGS WORK THE WAY WE WANT THEM TO.

UNFORTUNATELY, THAT JUST IS NOT SO. WE HAVE NO CHOICE. WE MUST PLAY A MAJOR ROLE IN THE WORLD AFFAIRS FOR WE LIVE IN AN INTER-DEPENDENT WORLD IN WHICH THE FATE OF ALL IS INEXTRICABLY LINKED.

IF NOTHING ELSE, THE RECENT OIL EMBARGO MUST HAVE TAUGHT US THAT THE UNITED STATES CANNOT SOLVE ITS ECONOMIC PROBLEMS IN ISOLATION. WHAT ONCE WERE NATIONAL PROBLEMS NOW AFFECT THE WORLD. POLLUTANTS IN THE SEA MAY WASH ONTO ANY SHORE; WHILE THAT IN THE AIR MAY FLOAT OVER ANY LAND. OUR JOBS, OUR OUTPUT, OUR PROSPERITY, DEPENDS INCREASINGLY ON WHAT HAPPENS IN OTHER PARTS OF THE WORLD. U.S. PROSPERITY CANNOT CONTINUE IN A CHAOTIC WORLD ECONOMY. TODAY AMERICAN IMPORTS AND EXPORTS AMOUNT TO OVER \$100 BILLION ANNUALLY. ABOUT ONE-FOURTH TO ONE-THIRD OF THE LAND BEING CROPPED BY AMERICAN FARMERS DEPENDS ON EXPORT MARKETS. MOST OF OUR PRODUCTION OF RICE, WHEAT, AND OIL SEEDS PLUS MUCH OF OUR CORN, COTTON, SORGHUM AND TOBACCO IS EXPORTED. WE DEPEND ON OUTSIDERS FOR ABOUT 15 PERCENT OF OUR MINERALS, INCLUDING ALMOST ALL OF THE CHROMIUM NEEDED FOR STAINLESS STEEL, MANGANESE, COBALT, PLATINUM, UNCLASSIFIED

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BAUXITE, ASBESTOS, TIN, NICKEL, TUNGSTEN AND ZINC. WE MAY BE ABLE TO GET SOME OF THESE EVENTUALLY FROM THE SEA-BED OR FROM LOW-GRADE DEPOSITS IN THE UNITED STATES, BUT FOR THE TIME BEING THE COST IS PROHIBITIVE.

CLEARLY THEN THE UNITED STATES HAS A MATERIAL INTEREST IN HELPING TO ACCOMMODATE CONFLICTING ECONOMIC INTERESTS IN ORDER TO AVOID ECONOMIC WARFARE WHICH WOULD HARM US ALONG WITH EVERYONE ELSE. WE MIGHT AS WELL REALIZE THAT THE SYSTEM WILL WORK ONLY AS LONG AS ECONOMIC BENEFITS ARE WIDELY SHARED AND THE DISTRIBUTION IS RCFONSIDERED JUST.

APART FROM THE PRACTICAL ECONOMIC REASONS FOR COOPERATING, THE UNITED STATES MUST ALSO PLAY A ROLE TO BE TRUE TO ITSLEF AND TO UPHOLD THE VALUES AND EQUALITY, JUSTICE AND LIBERTY WHICH ARE THE UNDERPINNINGS OF THE NATION. THE UNITED STATES CAN AND SHOULD OFFER HOPE FOR PROSPERITY AND DIGNITY TO THOSE WHO ARE STRIVING TO CONTROL THEIR OWN DESTINIES.

(SPEECH DELIVERED TO NORTHFIELD MOUNT HERMON SCHOOL, MOUNT HERMON, MASSACHUSETTS - JUNE 6, 1975)

6. CENTRAL AMERICA

THE COUNTRIES OF THE AREA FACE A NUMBER OF SERIOUS PROBLEMS.

SOME, CONNECTED WITH PUTTING THE CACM BACK TOGETHER AGAIN, I HAVE DISCUSSED WITH YOU TODAY. OTHERS, EQUALLY CRITICAL, SUCH AS INFLATION, AND EXCESSIVE UNEMPLOYMENT, AND LARGE TRADE DEFICITS, REFLECT IN LARGE MEASURE THE DIFFICULTIES THAT DEVELOPING COUNTRIES ARE HAVING IN FACING UP TO THE LARGE INCREASES IN OIL PRICES AND THE CONSEQUENT INCREASES IN THE PRICES OF MANY OF THE OTHER THINGS THEY IMPORT. IN CENTRAL AMERICA, ONLY GUATEMALA HAS PROSPECTS AT THIS TIME OF BECOMING SELF-SUFFICIENT IN OIL, THANKS TO RECENT DISCOVERIES. OTHER CENTRAL AMERICAN COUNTRIES, SUCH AS COSTA RICA, DO HAVE GOOD PROSPECTS FOR REERCING THEIR ENERGY DEPENDENCE THROUGH DEVELOPMENT OF THEIR ENORMOUS HYDROELECTRIC

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POTENTIAL AND THROUGH EXPLOITING GEOTHERMAL SOURCES THAT EXIST IN THOSE VOLCANIC AREAS. OTHER PROBLEMS OF THE AREA ARE STRUCTURAL. WITH THE DGCEPTION OF COSTA RICA, ALL THE COUNTRIES OF THE AREA SUFFER FROM WIDESPREAD ILLITERACY, UNDERNOURISHMENT, LARGE NUMBERS OF LANDLESS PERSONS, AND IN GENERAL SYMPTOMS OF WIDESPREAD PROVERTY. THE PROBLEM OF LAND HUNGER IS PARTICULARLY ACUTE IN EL SALVADOR, ONE OF THE MOST DENSELY POPULATED COUNTRIES IN THE WORLD. IF THE LANDLESS OF EL SALVADOR CANNOT BE ACCOMMODATED WITHIN THE COUNTRY, AND THERE ARE INDICATIONS THAT THEY CANNOT BE, EVEN WITH A COMPREHENSIVE LAND REFORM, THEY WILL CONTINUE TO SEEK AN OUTLET IN OTHER COUNTRIES. POPULATION PRESSURE THAT CANNOT BE ACCOMMODATED WITHIN EL SALVADOR IS THUS A PROBLEM FOR ALL OF CENTRAL AMERICA.

DESPITE THE SERIOUS PROBLEMS FACING CENTRAL AMERICA, THE FUTURE IS NOT BLEAK. THE CENTRAL AMERICAN COUNTRIES HAVE MADE VERY SUBSTANTIAL PROGRESS OVER THE PAST DECADE AND WE EXPECT THAT PROGRESS TO CONTINUE. SOME OF THEIR MAJOR ASSETS ARE DEVELOPMENT POLICIES THAT ENCOURAGE INVESTMENT AND PRIVATE ENTERPRISE, A GOOD PHYSICAL INFRASTRUCTURE, A SUBSTANTIAL NUMBER OF EDUCATED AND TECHNICALLY TRAINED PEOPLE, A GROWING MIDDLE CLASS, AND A LARGE HYDROELECTRIC POTENTIAL THAT WILL BE AN INCREASINGLY IMPORTANT ATTRACTION TO INDUSTRY.

IN PROMOTING SOCIAL PROGRESS AND SPREADING THE BENEFITS OF DEVELOPMENT TO ALL SECTORS OF THE POPULATION, COSTA RICA IS THE LEADER IN CENTRAL AMERICA. IT IS ALSO A FULLY FUNCTIONING DEMOCRACY WHERE RESPECT FOR THE LAW, HUMAN RIGHTS, AND CONSTITUTIONAL RIGHTS ARE CORNERSTONES OF THE SYSTEM. ALTHOUGH THE OTHER COUNTRIES OF CENTRAL AMERICA LAG BEHIND COSTA RICA, TO A GREATER OR LESSER DEGREE, WITH RESPECT TO THESE CHARACTERISTICS, THEY ARE AHEAD OF THE MAJORITY OF COUNTRIES IN THE DEVELOPING WORLD. CLEARLY, THE COUNTRIES IN CENTRAL AMERICA, LIKE COUNTRIES EVERYWHERE, WILL INCREASINGLY BE EVALUATED BY THEIR OWN PEOPLE AND BY OTHERS IN TERMS OF THE FREEDOMS AND HUMAN RIGHTS, AND THE ECONOMIC AND SOCIAL PROGRESS THEY PROVIDE FOR THEIR PEOPLES.

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